

Offer 401-HHS-003-MedicalAssistance

Offer Total: \$ 3,989,108,847

General Fund Need: \$ 1,014,896,965

Offer Description:

This offer maintains current Iowa Medicaid eligibility standards, and provides those services mandated by Title XIX for all eligible individuals at SFY 2011 rates.

This offer also provides all State Plan services which are not “mandatory” under Title XIX but which are medically necessary and currently covered by Iowa Medicaid.

This offer also seeks to maintain the contracts initiated in 2004 to operate and enhance activities of the Medicaid program through the Iowa Medicaid Enterprise and administrative functions as well as local staff necessary to deliver services.

Funding for the Health Insurance Premium Payment (HIPP) program is also included. The purpose of the HIPP program is to reduce Medicaid costs by obtaining health insurance for Medicaid-eligible people. Section 4402 of the Omnibus Budget Reconciliation Act (OBRA) permits state to pay the cost of enrolling an eligible Medicaid recipient in an employer group health insurance plan when it is determined cost-effective to do so. Medicaid program costs are reduced by establishing or maintaining a third-party resource as the primary payer of the recipient’s medical expenses. This is particularly true for persons who may not otherwise enroll in an available health insurance plan or who may drop health insurance once Medicaid eligibility is attained.

This offer continues the IowaCare program as initiated by House File 841 in the 2005 General Assembly. This will allow the Department of Human Services to continue to provide services to persons previously served under the “state papers” program and to draw down Federal matching funding for services provided.

SFY 2013 Enacted Budget (Status Quo Funding)

Medical Assistance - SFY 2013 Appropriation	\$	914,993,421
Medical Contract - SFY 2013 Appropriation	\$	5,453,728
Medical Contract - SFY 2012 Differential	\$	2,736,922
Total State \$ Appropriated:	\$	923,184,071

Funding Needed to Maintain the Current Service Level

Decision Package	Decision Package Description	Amount
Decision packages 1 - 13 apply to the Medical Assistance appropriation.		
1	FMAP and Other Revenue Changes -- This includes an assumed loss of Federal dollars due to a decline in Iowa’s regular FMAP rate (\$32.2M); a replacement of a transfer from the Iowa Veterans Home (\$3.8M); and a reduction to the CHIPRA Performance Bonus (\$1.6M). This is partially offset by a \$5M increase to the SFY 2013 general fund appropriation and a \$2M increase to the Medicaid Fraud Account appropriation.	\$ 30,647,597
2	Carry-Forward Replacement -- Replacement of carry-forward dollars that were available in SFY 2012, but will not be available in SFY 2013. This includes both a General Fund carry-forward (\$20.7M) and a Hospital Health Care Access Trust Fund carry-forward (\$4.2M).	\$ 24,879,439
3	Fee-for-Service (Physicians, Clinics, Prescription Drugs, Dental, etc.) -- \$9.9M is due to enrollment growth of 4.16% over SFY 2012. \$4.2M is due to inflationary increases; primarily in those categories where reimbursement is based on actual cost (rural health clinics and federally qualified health centers). Prescription drugs and physician services are also expected to experience inflationary increases.	\$ 14,145,733
4	Hospital -- \$7.6M is due to enrollment growth of 4.16% over SFY 2012. \$1.5M is due to inflationary increases resulting from the annualization of hospital rebasing implemented in SFY 2012.	\$ 9,054,650
5	HCBS Waivers -- \$6.9M is due to recipient growth resulting from the annualization of the waiting list buy-down that occurred in SFY 2012; the legislatively mandated waiting list buy-down in SFY 2013; and enrollment increases in the Elderly Waiver. \$1.6M is due to utilization/inflation increases across all waivers.	\$ 8,537,056

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6	Medicare-Related Payments -- \$2.5 million is due to a 5% increase in Buy-In recipients and 1% increased in Part D Clawback recipients. \$2.9M is due to inflationary increases resulting from a 4% increase in Medicare Part A & B premiums and a 1.2% increase in Part D Clawback payments.	\$	5,390,662
7	IowaCare Transfer -- A \$4.2M IowaCare shortfall is expected in SFY 2013. It is assumed the Medical Assistance appropriation will cover this difference.	\$	4,204,025
8	Mental Health Services (Iowa Plan, Remedial, Habilitation, PMIC and Psychiatric services) -- \$3.7M is due to recipient increases; largely driven by Iowa Plan enrollment. \$0.4M is due to utilization/inflation increases in these categories.	\$	4,131,768
9	PMIC Ancillary Services -- CMS is requiring that ancillary services (physicians, prescriptions drugs, etc.) be included within the PMIC rate. This will require PMICs to separately contract for these medical services and bill Medicaid for the cost, rather than having Medicaid pay costs directly. PMICs will not likely be able to negotiate rates equal to Medicaid rates and would not collect rebates on prescription drug payments. Therefore, this will increase costs to the Medicaid program.	\$	2,094,472
10	Managed Care -- The increase is primarily due to the expansion of Iowa's Program of All-Inclusive Care for the Elderly (PACE). A new provider will be joining the PACE program mid-year in SFY 2012, and this is expected to increase recipient counts by over 50%. The annualized impact of this increase will be felt in SFY 2013.	\$	1,416,510
11	Nursing Facilities -- A 1.5% decline in bed days is anticipated. In addition, rates for most facilities will be unchanged due to SFY 2013 being a non-rebasing year.	\$	(2,282,483)
12	Other Providers/Programs -- This includes change to items such as targeted case management, ICF/MR, medical transportation, health insurance premium payments, administrative payments, appropriation transfers, and recoveries.	\$	(2,984,045)
13	Hospital Upper Payment Limit (UPL) Timing Difference -- Annual hospital UPL payments total \$56.5M. Due to timing differences, the SFY 2011 payment will be \$35.1M and the SFY 2012 payment will be \$77.9M. The SFY 2013 payment will be the correct annual amount of \$56.5M. The variance between SFY 2012 and SFY 2013 results in a state dollar reduction of \$8.3M.	\$	(8,342,521)

Decision packages 14 - 20 apply to the **Medical Contracts** appropriation.

14	Medical Contracts increases due to changes in contract costs, operational costs, and Information Technology increases.	\$	387,839
15	NevadaCare Lawsuit - This lawsuit should come to an end in SFY 2012.	\$	(5,000)
16	IME Reprourement Technical Assistance - Activities draw to a close in SFY 2013.	\$	(53,565)
17	Health Information Technology - Approval from CMS for additional funding for a tool to administer the EHR incentive program and for support of a statewide Health Information Exchange is expected mid-SFY 2012 and continue through the end of SFY 2013.	\$	64,378
18	Funds inflationary costs to sustain operations and service delivery including mainframe computer usage charges, and IT support.	\$	21,878
19	Increase in rent costs to provide space for vendor staff implementing Medicaid IT projects, including ICD-10 and MMIS replacement.	\$	254,500
20	Uniform Cost Report - Funding switched from Health Care Transformation Account to General Fund dollars in SFY 2013.	\$	150,000

Total Requested for Current Service Level Funding: \$ 91,712,894

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Funding for Improved Results

Decision Package	Decision Package Description	Amount
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Decision package 21 applies to the **Medical Assistance** appropriation.

21	Asset Verification System -- Federal law requires that state Medicaid agencies establish an Asset Verification System to verify the assets of aged, blind and disabled applicants for and recipients of Medicaid. This system will have a state cost of nearly \$400,000 in FY 13. These costs are expected to be offset by savings resulting from an increased number of application denials due to this new system. As a result, this initiative is expected to be budget neutral.	\$ -
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Total Requested for Improved Results Funding: \$ -

General Fund Total	\$1,014,896,965
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General Fund Change From Prior Year	\$91,712,894
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Total Funding Summary:

State Funding Total	\$1,256,489,955
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	Program
General Fund	\$ 1,014,896,965
SLTF	\$ -
Tobacco	\$ 106,363,275
Iowa Care	\$ 49,504,604
HCTA	\$ 7,453,657
Other*	\$ 78,271,454
Total	\$ 1,256,489,955

*Includes carry-forward dollars, nursing facility and hospital assessment fee revenue, the CHIPRA performance bonus payment, the Medicaid Fraud Account appropriation, and the pharmaceutical settlement account.

Federal Funding Total	\$2,198,318,827
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	Program
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ 99,112,005
HCTA	\$ 3,542,588
Other**	\$ 2,095,664,235
Total	\$ 2,198,318,827

**Includes Federal Medicaid Match.

Other Funding Total	\$534,300,065
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	Program
Other ***	\$ 534,300,065

***Includes intra-state transfers, rebates and recoveries, Glenwood and Woodward ICF/MR, and county-funded services.

Totals	Program
	\$ 3,989,108,847

Offer Total
\$3,989,108,847

FTEs included in offer:

FTEs	12.0
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IOWACARE FUND**Below is a detailed breakdown of IowaCare funding included within this offer.**

	<u>SFY 2012</u>	<u>SFY 2013</u>
SFY 2012 Enacted Budget (Status Quo Funding)		
Polk County Revenue	\$ 42,000,000	
Transfer from Medicaid	<u>\$ 4,480,304</u>	
SFY 2012 Anticipated Additional Revenue		
Balance Forward	\$ 12,909,317	
Interest	<u>\$ 50,000</u>	
Total Estimated SFY 2012 Revenues:	<u>\$ 59,439,621</u>	
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Funding Requested in SFY 2013		
Polk County Revenue		\$ 42,000,000
Transfer from Medicaid		<u>\$ 4,480,304</u>
SFY 2013 Anticipated Additional Revenue		
Balance Forward		\$ 7,454,604
Interest		<u>\$ 50,000</u>
Total Estimated SFY 2013 Revenues:		<u>\$ 53,984,908</u>

Expenditures:

<i>Original IowaCare Appropriations (per HF 2526)</i>	State Dollars
UIHC (\$27,284,584 total funds)	\$ 2,931,074
Broadlawns (\$69,000,000 total funds, \$49,800,000 in claims)	\$ 27,600,000
UI Physicians (\$16.3M)	\$ 6,494,535
FQHC's (\$4.99M)	\$ 1,995,895
Care Coordination Pool	\$ 600,507
Laboratory Test and Radiology Pool	\$ 200,169

Amount Needed to Support Claims Growth beyond Original Appropriation

Broadlawns Supp	\$ -
UIHC (\$62,519,037 total funds)	<u>\$ 18,366,753</u>

Total Revenues:	\$ 53,984,908
Total Expenditures:	\$ 58,188,933
IowaCare Account Ending Balance:	<u>\$ (4,204,025)</u>
Additional IowaCare Funding Requested:	<u><u>\$ (4,204,025)</u></u>

HEALTH CARE TRANSFORMATION ACCOUNT

REVENUES		Projected FY 2013
Balance Forward into SFY 2013	\$	11,196,890
Balance Adjustment		
Insurance Premiums		160,000
Interest		70,000
TOTAL	\$	11,426,890
APPROPRIATIONS		
Medical Information Hotline	\$	100,000
Electronic Medical Records		100,000
Health Partnership Activities		600,000
Audits, Performance Evaluations, Studies		125,000
IowaCare Administrative Costs		1,132,412
Dental Home for Children		1,000,000
Tuition Assistance for Individuals Serving People with Disab		50,000
Broadlawns Admin-HCTA		290,000
Medical Assistance HCTA		1,956,245
Medical Contracts-HCTA		2,000,000
Accountable Care Pilot		100,000
Total Expenses		7,453,657
Projected Carry forward to SFY 14	\$	3,973,233

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QUALITY ASSURANCE TRUST FUND

	Budgeted SFY 2012	Projected SFY 2013
Revenue:	State	State
Carry-Forward	\$ -	\$ -
Nursing Facility Assessment Fee	\$ 26,500,000	\$ 26,500,000
Total Revenue	\$ 26,500,000	\$ 26,500,000
Expenditures:		
Pass-Through & Add-On Costs	\$ 21,808,279	\$ 22,102,285
Nursing Facility Rate Restoration	\$ 11,314,830	\$ 11,459,465
Total Expenditures	\$ 33,123,109	\$ 33,561,750
Ending Balance	\$ (6,623,109)	\$ (7,061,750)
SFY 2013 Revenue Transfer to Medical Assistance		\$ 26,500,000
QATF Payments Funded by the General Fund		\$ 7,061,750

HOSPITAL HEALTH CARE ACCESS TRUST FUND

	Budgeted SFY 2012	Projected SFY 2013
Revenue:	State	State
Carry-Forward	\$ 4,137,109	\$ -
Hospital Assessment Fee	\$ 34,700,000	\$ 34,700,000
Total Revenue	\$ 38,837,109	\$ 34,700,000
Expenditures:		
Reimbursement to Upper Payment Limi	\$ 30,035,751	\$ 22,663,406
Scheduled Hospital Rebasing	\$ 4,500,000	\$ 6,170,901
IowaCare Non-Participating Provider Reimbursement Fund	\$ 776,200	\$ 801,600
Medical Assistance Appropriation Supplement	\$ 3,525,157	\$ 5,064,094
Total Expenditures	\$ 38,837,109	\$ 34,700,000
Ending Balance	\$ -	\$ -
SFY 2013 Revenue Transfer to Medical Assistance		\$ 33,898,400